

TOWNSHIP OF AUTRAIN, MICHIGAN

(Alger)

FINANCIAL STATEMENTS

02-1010

For the Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

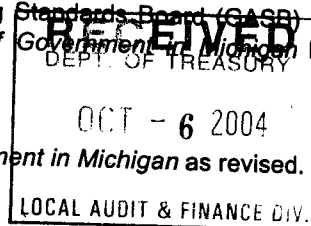
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| | | | |
|---|------------------------|---|-----------------|
| Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Government Name Autrain Township | County Alger |
| Audit Date 3/31/04 | Opinion Date 7/5/04 | Date Accountant Report Submitted to State: 9/25/04 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | X | | |
| Reports on individual federal financial assistance programs (program audits). | | | X |
| Single Audit Reports (ASLGU). | | | X |

| | | | |
|---|-------------------|-------------|--------------|
| Certified Public Accountant (Firm Name) Anderson, Tackman & Co, PLLC | | | |
| Street Address 102 W. Washington St., Suite 109 | City Marquette | State MI | ZIP 49855 |
| Accountant Signature Michael C. Ly | | | |

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ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members of
the Township Board of Trustees
Township of AuTrain, Michigan
P.O. Box 33
AuTrain, Michigan 49806-0033

We have audited the financial statements of the governmental activities, major funds, and remaining fund information, which collectively comprise the basic financial statements of the Township of AuTrain, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of the other auditors, provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, major funds and remaining fund information of the Township of AuTrain, Michigan at March 31, 2004, and the changes in financial position and cash flows, where applicable, of those activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Township of AuTrain, Michigan has implemented a new financial reporting model as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – And Management's Discussion And Analysis – For State and Local Governments*, as of March 31, 2004.

Honorable Supervisor and Members of
the Township Board of Trustees
Township of AuTrain, Michigan

The Management's Discussion and Analysis and budgetary comparison information is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a separate report to management dated May 28, 2004 on our consideration of the Township of AuTrain, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the Township of AuTrain, Michigan's basic financial statements taken as a whole. The combining and individual fund statements and schedules as listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Township of AuTrain, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

May 28, 2004

Township of Autrain, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Autrain's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2004. Please read it in conjunction with the financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The Township's net assets were reported for the first time under GASB 34. As such, no comparisons with prior years will be made. In future years, comparative information will be presented in various schedules throughout the MD&A.
- Net assets for the Township as a whole increased by \$20,938 as a result of this year's operations.
- During the year, the Township had expenses for governmental activities that were \$380,884.
- The General Fund reported a net fund balance of \$403,913. Net income was \$359,525 higher than the forecasted decrease of \$263,826.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the Township as a Whole

Our analysis of the Township as a whole begins on page 7. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's *net assets* and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the *overall financial health* of the Township.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The Statement of Net Assets and the Statement of Activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.

Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 7. The fund financial statements begin on page 16 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township's kind of fund is *governmental*

- *Governmental funds* – The Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term* view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between *governmental activities* (reported in the Statement of Net Assets and Statement of Activities) and *governmental funds* in a reconciliation which follows the fund financial statements.

The Township as Trustee

The Township is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 20. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations.

The Township is responsible for ensuring that the assets reported in the funds are used for their intended purposes.

The Township as a Whole

Table I provides a summary of the Township's net assets as of March 31, 2004.

| | Governmental Activities – 2004 |
|--------------------------|-----------------------------------|
| Current and other assets | \$ 675,036 |
| Capital assets, net | <u>802,460</u> |
| Total Assets | <u>1,477,496</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

| | Governmental Activities – 2004 |
|---|-----------------------------------|
| Current liabilities | \$ 33,919 |
| Noncurrent liabilities | <u>105,694</u> |
| Total Liabilities | <u>139,613</u> |
| Net Assets: | |
| Invested in capital assets, net of related debt | 672,794 |
| Restricted | - |
| Unrestricted (deficit) | <u>665,089</u> |
| Total Net Assets | <u>\$1,337,883</u> |

Net assets of the Township's governmental activities stood at \$1,337,883. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$665,089.

The \$665,089 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2004. Since this is the first year the Township has prepared financial statements following GASB Statement No. 34, revenue and expense comparison to fiscal year 2003 is not available.

| | Governmental Activities – 2004 |
|-------------------------------------|-----------------------------------|
| Revenues | |
| Program Revenues: | |
| Charges for services | \$ 12,424 |
| General Revenues: | |
| Property taxes | 270,541 |
| State Sources | 104,544 |
| Interest and Miscellaneous | <u>14,313</u> |
| Total Revenues | <u>401,822</u> |
| Program Expenses: | |
| Legislative | 5,541 |
| Elections | - |
| General Services and Administration | 83,544 |
| Public Safety | 57,350 |
| Public Works | 116,198 |
| Community & Economic Development | 10,179 |
| Recreation and Culture | 13,343 |

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

| | Governmental Activities – 2004 |
|--------------------------------------|-----------------------------------|
| Debt Service | \$ 8,326 |
| Other | 34,348 |
| Unallocated depreciation | <u>52,055</u> |
| Total Expenses | <u>380,884</u> |
| Excess (deficiency) before transfers | 20,938 |
| Transfers | <u>-</u> |
| Increase (decrease) in net assets | 20,938 |
| Net assets, beginning, as restated | <u>1,316,945</u> |
| Net Assets, Ending | <u><u>\$1,337,883</u></u> |

The Township's total revenues were \$401,822. The total cost of all programs and services was \$380,884, leaving an increase in net assets of \$20,938. Our analysis below considers the operations of governmental activities:

Governmental Activities

The net assets of the Township's governmental activities increased \$20,938 for the year ended March 31, 2004.

The net income of \$20,938 is mostly due to the difference between our budget and actual of State Revenue Sharing which was \$17,244 higher than projected.

THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 13 reported a *combined* fund balance of \$665,089 an increase of \$50,347 from the beginning of the year.

The \$50,347 net income does not include \$52,055 of depreciation expense and includes \$22,646 principal paid on notes payable. Otherwise, refer to the description for the change in net assets.

General Fund Budgetary Highlights

Over the course of the year, the Township Board did not revise the budget.

Actual charges to expenditures were \$244,734 less than the final amended budget. Conversely, revenues were \$2,479 more than the final budget projection.

The main reason for expenditures being less than the budgeted amounts is due to the planned expansion of the community building in the fiscal year ended 2004, which did not occur.

State revenue sharing was based on the projection posted on the State of Michigan website. The Township anticipated a decline in the revenue sharing, however the State of Michigan paid out more than the projected level.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2004, the Township had \$802,460 invested in a variety of capital assets including land, buildings, and other equipment. (See table 3 below)

| | Governmental Activities - 2004 |
|----------------------------|-----------------------------------|
| Land | \$360,000 |
| Land improvements | - |
| Buildings and improvements | 290,500 |
| Equipment and furnishings | <u>151,960</u> |
| | <u>\$802,460</u> |

Debt

At year-end, the Township had \$129,666 in notes outstanding as depicted in Table 4 below.

| Table 4 Outstanding Debt at Year-End | |
|---|-----------------------------------|
| | Governmental Activities - 2004 |
| Fire Truck Lease #1 | \$ 45,893 |
| Fire Truck Lease #2 | <u>85,773</u> |
| TOTAL | <u>\$129,666</u> |

There was no new debt for this fiscal year and further debt can be found in the footnotes.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Township budgeted approximately \$100,000 for the expansion of its community building to provide additional office space and storage, the expansion did not take place during the 2003-04 fiscal year.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of AuTrain, P.O. Box 33, AuTrain, MI 49806.

TOWNSHIP OF AUTRAIN, MICHIGAN

STATEMENT OF NET ASSETS

March 31, 2004

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS: | |
| Current assets: | |
| Cash and Cash Equivalents | \$ 643,369 |
| Accounts Receivable | 18,798 |
| Prepaid Expenses | 12,869 |
| | <hr/> |
| TOTAL CURRENT ASSETS | 675,036 |
| | <hr/> |
| Non-current assets: | |
| Capital Assets | 1,501,200 |
| Less Accumulated Depreciation | (698,740) |
| | <hr/> |
| TOTAL NON-CURRENT ASSETS | 802,460 |
| | <hr/> |
| TOTAL ASSETS | 1,477,496 |
| | <hr/> |
| LIABILITIES: | |
| Current liabilities: | |
| Accounts Payable | 9,947 |
| Current Portion of Compensated Absences | - |
| Current Portion of Bond/Notes Payable | 23,972 |
| Other Current Liabilities | - |
| | <hr/> |
| TOTAL CURRENT LIABILITIES | 33,919 |
| | <hr/> |
| Non-current liabilities: | |
| Non-current Portion of Compensated Absences | - |
| Non-current Portion of Bond/Notes Payable | 105,694 |
| | <hr/> |
| TOTAL NON-CURRENT LIABILITIES | 105,694 |
| | <hr/> |
| TOTAL LIABILITIES | 139,613 |
| | <hr/> |
| NET ASSETS: | |
| Invested in Capital Assets Net of Related Debt | 672,794 |
| Restricted: | |
| Debt Service | - |
| Unrestricted | 665,089 |
| | <hr/> |
| TOTAL NET ASSETS | \$ 1,337,883 |
| | <hr/> |

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2004

| Function / Programs | Expenses | Program Revenue | | Net (Expense) Revenue and Changes in Net Assets |
|---|----------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | |
| Governmental Activities: | | | | |
| Legislative | \$ 5,541 | \$ - | \$ - | \$ (5,541) |
| Judicial | - | - | - | - |
| Elections | - | - | - | - |
| General Government | 83,544 | 4,059 | - | (79,485) |
| Public Safety | 57,350 | 8,365 | - | (48,985) |
| Public Works | 116,198 | - | - | (116,198) |
| Health and Welfare | - | - | - | - |
| Community and Economic Development | 10,179 | - | - | (10,179) |
| Recreation and Culture | 13,343 | - | - | (13,343) |
| Other Functions | 34,348 | - | - | (34,348) |
| Capital Outlay | - | - | - | - |
| Debt Service | 8,326 | - | - | (8,326) |
| Unallocated - Depreciation | 52,055 | - | - | (52,055) |
| TOTAL GOVERNMENTAL ACTIVITIES | 380,884 | 12,424 | - | (368,460) |
| General revenues: | | | | |
| Taxes | | | | 270,541 |
| Unrestricted State sources | | | | 104,544 |
| Interest and investment earnings | | | | 7,693 |
| Miscellaneous | | | | 6,620 |
| Transfers in (Out) | | | | - |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | 389,398 |
| | | | CHANGES IN NET ASSETS | 20,938 |
| Net Assets , April 1 | | | | 1,316,945 |
| | | | NET ASSETS, MARCH 31 | \$ 1,337,883 |

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2004

| | General Fund | Fire Fund | Rubbish Collection Fund | Total |
|--|-------------------|------------------|-------------------------------|-------------------|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 378,966 | \$ 73,796 | \$ 190,607 | \$ 643,369 |
| Accounts Receivable | 17,992 | - | - | 17,992 |
| Due From Other Funds | 806 | - | - | 806 |
| Prepaid Expenses | 6,149 | 6,720 | - | 12,869 |
| TOTAL ASSETS | <u>\$ 403,913</u> | <u>\$ 80,516</u> | <u>\$ 190,607</u> | <u>\$ 675,036</u> |
| LIABILITIES AND FUND BALANCES: | | | | |
| LIABILITIES: | | | | |
| Accounts Payable | \$ - | \$ 2,893 | \$ 7,054 | \$ 9,947 |
| TOTAL LIABILITIES | <u>-</u> | <u>2,893</u> | <u>7,054</u> | <u>9,947</u> |
| FUND BALANCES: | | | | |
| Unreserved | 403,913 | 77,623 | 183,553 | 665,089 |
| TOTAL FUND BALANCES | <u>403,913</u> | <u>77,623</u> | <u>183,553</u> | <u>665,089</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 403,913</u> | <u>\$ 80,516</u> | <u>\$ 190,607</u> | <u>\$ 675,036</u> |

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

March 31, 2004

Total Fund Balances for Governmental Funds

\$ 665,089

*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds.

| | |
|--------------------------|------------------|
| Cost of capital assets | 1,501,200 |
| Accumulated depreciation | <u>(698,740)</u> |

802,460

Long-term liabilities are not due and payable in the current period and are
not reported in the funds. Long-term liabilities at year-end consist of:

Notes payable - Current

23,972

Notes payable - Long-Term

105,694

Compensated Absences

-

(129,666)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 1,337,883

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended March 31, 2004

| | General Fund | Fire Fund | Rubbish Collection Fund | Total |
|---|-------------------|------------------|-------------------------------|-------------------|
| REVENUES: | | | | |
| Taxes | \$ 59,638 | \$ 74,717 | \$ 136,186 | \$ 270,541 |
| Licenses and Permits | - | - | - | - |
| Federal Sources | - | - | - | - |
| State Sources | 104,544 | - | - | 104,544 |
| Contributions From Local Sources | - | - | - | - |
| Charges for Services | 4,059 | 8,365 | - | 12,424 |
| Fines and Forfeitures | - | - | - | - |
| Interest and Rents | 3,530 | 967 | 3,196 | 7,693 |
| Other Revenue | 4,194 | 2,426 | - | 6,620 |
| TOTAL REVENUES | 175,965 | 86,475 | 139,382 | 401,822 |
| EXPENDITURES: | | | | |
| Legislative | 5,541 | - | - | 5,541 |
| Judicial | - | - | - | - |
| Elections | - | - | - | - |
| General Government | 83,544 | - | - | 83,544 |
| Public Safety | - | 57,350 | - | 57,350 |
| Public Works | 23,311 | - | 92,887 | 116,198 |
| Health and Welfare | - | - | - | - |
| Community and Economic Development | 10,179 | - | - | 10,179 |
| Recreation and Culture | 13,343 | - | - | 13,343 |
| Other Functions | 34,348 | - | - | 34,348 |
| Capital Outlay | - | - | - | - |
| Debt Service | - | 30,972 | - | 30,972 |
| TOTAL EXPENDITURES | 170,266 | 88,322 | 92,887 | 351,475 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 5,699 | (1,847) | 46,495 | 50,347 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfer In | 90,000 | - | - | 90,000 |
| Operating Transfer (Out) | - | - | (90,000) | (90,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | 90,000 | - | (90,000) | - |
| NET CHANGE IN FUND BALANCE | 95,699 | (1,847) | (43,505) | 50,347 |
| Fund Balance, Beginning of Year | 308,214 | 79,470 | 227,058 | 614,742 |
| FUND BALANCE, END OF YEAR | \$ 403,913 | \$ 77,623 | \$ 183,553 | \$ 665,089 |

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended March 31, 2004

Net Change in Fund Balances - Total Governmental Funds

\$ 50,347

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

| | | |
|----------------------|----------|----------|
| Depreciation expense | 52,055 | |
| Capital outlays | <u>-</u> | (52,055) |

Repayment of bond/note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

22,646

Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 20,938

TOWNSHIP OF AUTRAIN, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

March 31, 2004

| | <u>Agency Fund</u> |
|---------------------------------|-------------------------------|
| ASSETS: | |
| Cash and Cash Equivalents | \$ 21,771 |
| TOTAL ASSETS | <u><u>\$ 21,771</u></u> |
| LIABILITIES: | |
| Due to Other Funds | \$ 806 |
| Due to Other Governmental Units | <u>20,965</u> |
| TOTAL LIABILITIES | <u><u>\$ 21,771</u></u> |

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

(1) REPORTING ENTITY

The Township's financial statements present the Township (the primary government). In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township may or may not be financially accountable and, as such, be includable within the Township's financial statements.

(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities.

In the government-wide Statement of Net Assets, are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

(3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS:

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

- ***General Fund*** – General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.
- ***Special Revenue Fund***
 - Fire – To account for the activity of the Fire Department .
 - Rubbish Collection – To account for the activity of the sanitation department.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

- The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Fire** – to account for the activity in the Township's Fire Department.
- **Rubbish** – to account for the activity in the Townships Sanitation Department.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

(4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

FINANCIAL STATEMENT AMOUNTS

Budgets and Budgetary Accounting – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The AuTrain Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:
 - 1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or group(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
 - 2. The following considerations must be reviewed in determination of transfer approvals:
 - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
 - b. Will the transfer maintain the financial integrity of the Township?
 - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

- f. The Township of AuTrain adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash Equivalents and Investments - For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

| | |
|---------------------------------------|----------|
| Land improvements | 15 years |
| Building, structures and improvements | 40 years |
| Equipment | 5 years |
| Vehicles | 5 years |

Long-Term Liabilities: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

Property Taxes – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

Interfund Activity – Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Implementation of New Accounting Principles – In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments* (GASB No. 34). Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operation's.
 - Financial statements prepared using full accrual accounting for all of the Township's activities, including infrastructure (e.g. streets, bridges and sidewalks)
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). There was no current year additions to infrastructure to be reported in these financial statements.

NOTE B – DEPOSITS AND INVESTMENTS:

The composition of cash and investments as reported in the combined balance sheet is presented below:

| | <u>Primary Government</u> | <u>Fiduciary Funds</u> | <u>Total</u> |
|-----------------------|-------------------------------|----------------------------|------------------|
| Cash and Investments: | | | |
| Unrestricted | \$643,369 | \$21,771 | \$665,140 |
| Restricted | <u>264,403</u> | <u>-</u> | <u>264,403</u> |
| TOTAL | <u>\$643,369</u> | <u>\$21,771</u> | <u>\$665,140</u> |

| | <u>Primary Government</u> | <u>Fiduciary Funds</u> | <u>Total</u> |
|--------------------------|-------------------------------|----------------------------|------------------|
| Composition of Balances: | | | |
| Cash in banks | \$308,256 | \$21,771 | \$330,027 |
| Certificates of Deposit | 335,113 | - | 335,113 |
| Imprest cash | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL | <u>\$643,369</u> | <u>\$21,771</u> | <u>\$665,140</u> |

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

Act 196, PA 1997, authorized the Township to deposit and invest in:

- a. Bonds, securities, and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National credit union administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- d. United States government or Federal agency obligation repurchase agreements.
- e. Banker's acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.
- g. Obligation of the State of Michigan or its political subdivisions which are rated investment grade.
- h. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Deposits

At year-end, the carrying amount of the Township's deposits was \$665,140 and the bank balance was \$673,199. Of the bank balance, \$291,713 was covered by federal depository insurance according to FDIC regulations.

These deposits are in various financial institutions in varying amounts. All accounts are in the name of the Township and specific funds. They are recorded in Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

NOTE C – INTERFUND BALANCES:

A summary of interfund receivable and payables are:

| <u>Fund</u> | <u>Receivable</u> | <u>Fund</u> | <u>Payable</u> |
|---------------------|-------------------|-----------------|----------------|
| PRIMARY GOVERNMENT: | | | |
| General | \$809 | Fiduciary Funds | \$809 |
| TOTAL | <u>\$809</u> | TOTAL | <u>\$809</u> |

NOTE D – CAPITAL ASSETS:

A summary of the capital assets of the Governmental Activities is as follows:

| | Balance at April 1, 2003 | Additions | Disposals | Balance at March 31, 2004 |
|---|-----------------------------|-------------------|-------------|------------------------------|
| GOVERNMENTAL ACTIVITIES: | | | | |
| Land | \$ 360,000 | \$ - | \$ - | \$ 360,000 |
| Total Capital Assets, not being depreciated | <u>360,000</u> | <u>-</u> | <u>-</u> | <u>360,000</u> |
| Buildings and improvements | 453,400 | - | - | 453,400 |
| Furniture and equipment | <u>687,800</u> | <u>-</u> | <u>-</u> | <u>687,800</u> |
| Total Capital Assets, being depreciated | <u>1,501,200</u> | <u>-</u> | <u>-</u> | <u>1,501,200</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings and improvements | (453,400) | (10,925) | - | (2,905,500) |
| Furniture and equipment | <u>(687,800)</u> | <u>(41,130)</u> | <u>-</u> | <u>(151,960)</u> |
| Total Accumulated Depreciation | <u>(687,800)</u> | <u>(52,055)</u> | <u>-</u> | <u>(698,740)</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 854,515</u> | <u>\$(52,055)</u> | <u>\$ -</u> | <u>\$ 802,460</u> |

Depreciation expenses for the governmental activities was charged to the following functions and activities of the primary government:

| | |
|--------------------------|-----------------|
| Unallocated Depreciation | <u>\$52,055</u> |
|--------------------------|-----------------|

NOTE E – LONG-TERM DEBT:

Changes in long term debt principal during the period ended December 31, 2003 are summarized as follows:

| | April 1, 2003 | Additions | Subtractions | March 31, 2004 |
|--|------------------|-------------|-----------------|------------------|
| Fire Truck Lease #1 | \$ 59,112 | \$ - | \$15,219 | \$ 43,893 |
| Fire Truck Lease #2 | <u>93,200</u> | <u>-</u> | <u>7,427</u> | <u>85,773</u> |
| TOTAL PRIMARY GOVERNMENT LONG-TERM DEBT | <u>\$152,312</u> | <u>\$ -</u> | <u>\$22,646</u> | <u>\$129,666</u> |

FIRE TRUCK LEASE #1

A Fire Truck was purchased on September 20, 1995 for \$169,887 with an interest rate of 6.98%, due annually on January 1st of each year.

| Year | Principal | Interest | Total |
|-------|-----------------|-----------------|-----------------|
| 2005 | \$16,178 | \$ 2,754 | \$18,932 |
| 2005 | 17,198 | 1,734 | 18,932 |
| 2007 | <u>10,517</u> | <u>8,415</u> | <u>18,932</u> |
| Total | <u>\$43,893</u> | <u>\$12,903</u> | <u>\$56,796</u> |

FIRE TRUCK LEASE #2

A Fire Truck was purchased on June 27, 2002 for \$123,201 with an interest rate of 4.95%, with \$30,000 due at purchase with 10 annual payments of \$12,041 due in June of each year.

| Year | Principal | Interest | Total |
|------|-----------|----------|-----------|
| 2004 | \$ 7,794 | \$ 4,247 | \$ 12,041 |
| 2005 | 8,180 | 3,861 | 12,041 |
| 2006 | 8,585 | 3,456 | 12,041 |
| 2007 | 9,010 | 3,031 | 12,041 |
| 2008 | 9,456 | 2,585 | 12,041 |
| 2009 | 9,924 | 2,117 | 12,041 |

NOTE E – LONG-TERM DEBT (Continued):

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|-----------------|------------------|
| 2010 | \$10,416 | \$ 1,625 | \$ 12,041 |
| 2011 | 10,931 | 1,110 | 12,041 |
| 2012 | 11,477 | 564 | 12,041 |
| Total | <u>\$85,773</u> | <u>\$22,596</u> | <u>\$108,369</u> |

NOTE F – PROPERTY TAXES:

The Local Governmental Unit property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31st.

Although the Local Governmental Unit 2002 ad valorem tax is levied and collectible on December 1, 2002, it is the Local Governmental Unit's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2002 taxable valuation of the Local Governmental Unit totaled \$38,302,491, on which ad valorem taxes levied consisted of 0.8228 mills for the Local Governmental Unit operation purposes, 1.8575 mills for the Fire Department and 3.3806 mills for the Sanitation Department. These amounts are recognized in the respective financial statements as revenue.

NOTE G – INTERFUND TRANSFERS IN AND OUT:

| | <u>Operating Transfers In</u> | | <u>Operating Transfers Out</u> |
|---------------------------|-----------------------------------|---------------------------|------------------------------------|
| General Fund | <u>\$90,000</u> | Garbage Fund | <u>\$90,000</u> |
| TOTAL REPORTING ENTITY | <u>\$90,000</u> | TOTAL REPORTING ENTITY | <u>\$90,000</u> |

NOTE H – CONTINGENT LIABILITIES:

Risk Management - The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

NOTE I – BUDGET VIOLATIONS:

Public Act 621 of 1978, Section 18(1), as amended, provides that a Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures and budgeted expenditures have been shown on an activity and/or program level.

The following activity and/or programs had excess expenditures over appropriations at March 31, 2004:

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------------------|---------------|---------------|-----------------|
| General Fund: Other Functions | \$28,550 | \$34,348 | \$5,798 |

REQUIRED SUPPLEMENTAL
FINANCIAL INFORMATION

TOWNSHIP OF AUTRAIN, MICHIGAN

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended March 31, 2004

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|------------------|-------------------|----------------------------------|
| | Original | Final | (GAAP Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Taxes | \$ 40,624 | \$ 40,624 | \$ 59,638 | \$ 19,014 |
| Licenses and Permits | - | - | - | - |
| Federal Sources | - | - | - | - |
| State Sources | 87,300 | 87,300 | 104,544 | 17,244 |
| Contributions From Local Sources | - | - | - | - |
| Charges for Services | 13,750 | 13,750 | 4,059 | (9,691) |
| Fines and Forfeitures | - | - | - | - |
| Interest and Rents | 3,500 | 3,500 | 3,530 | 30 |
| Other Revenue | 6,000 | 6,000 | 4,194 | (1,806) |
| TOTAL REVENUES | 151,174 | 151,174 | 175,965 | 24,791 |
| EXPENDITURES: | | | | |
| Legislative | 5,600 | 5,600 | 5,541 | 59 |
| Judicial | - | - | - | - |
| Elections | 8,600 | 8,600 | - | 8,600 |
| General Government | 281,025 | 281,025 | 83,544 | 197,481 |
| Public Safety | - | - | - | - |
| Public Works | 57,500 | 57,500 | 23,311 | 34,189 |
| Health and Welfare | - | - | - | - |
| Community and Economic Development | 13,725 | 13,725 | 10,179 | 3,546 |
| Recreation and Culture | 20,000 | 20,000 | 13,343 | 6,657 |
| Other Functions | 28,550 | 28,550 | 34,348 | (5,798) |
| Capital Outlay | - | - | - | - |
| Debt Service | - | - | - | - |
| TOTAL EXPENDITURES | 415,000 | 415,000 | 170,266 | 244,734 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (263,826) | (263,826) | 5,699 | 269,525 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfer In | - | - | 90,000 | 90,000 |
| Operating Transfer (Out) | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | 90,000 | 90,000 |
| NET CHANGE IN FUND BALANCE | (263,826) | (263,826) | 95,699 | 359,525 |
| Fund Balance, Beginning of Year | 345,602 | 345,602 | 308,214 | (37,388) |
| FUND BALANCE, END OF YEAR | \$ 81,776 | \$ 81,776 | \$ 403,913 | \$ 322,137 |

TOWNSHIP OF AUTRAIN, MICHIGAN

FIRE FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended March 31, 2004

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|------------------|------------------|----------------------------------|
| | Original | Final | (GAAP Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Taxes | \$ 72,962 | \$ 72,962 | \$ 74,717 | \$ 1,755 |
| Licenses and Permits | - | - | - | - |
| Federal Sources | - | - | - | - |
| State Sources | - | - | - | - |
| Contributions From Local Sources | - | - | - | - |
| Charges for Services | - | - | - | - |
| Fines and Forfeitures | - | - | 8,365 | 8,365 |
| Interest and Rents | 500 | 500 | 967 | 467 |
| Other Revenue | 500 | 500 | 2,426 | 1,926 |
| TOTAL REVENUES | 73,962 | 73,962 | 86,475 | 12,513 |
| EXPENDITURES: | | | | |
| Legislative | - | - | - | - |
| Judicial | - | - | - | - |
| Elections | - | - | - | - |
| General Government | - | - | - | - |
| Public Safety | 95,374 | 95,374 | 57,350 | 38,024 |
| Public Works | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Community and Economic Development | - | - | - | - |
| Recreation and Culture | - | - | - | - |
| Other Functions | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service | 40,000 | 40,000 | 30,972 | 9,028 |
| TOTAL EXPENDITURES | 135,374 | 135,374 | 88,322 | 47,052 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (61,412) | (61,412) | (1,847) | 59,565 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfer In | - | - | - | - |
| Operating Transfer (Out) | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - |
| NET CHANGE IN FUND BALANCE | (61,412) | (61,412) | (1,847) | 59,565 |
| Fund Balance, Beginning of Year | 75,750 | 75,750 | 79,470 | 3,720 |
| FUND BALANCE, END OF YEAR | \$ 14,338 | \$ 14,338 | \$ 77,623 | \$ 63,285 |

TOWNSHIP OF AUTRAIN, MICHIGAN
RUBBISH COLLECTION FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended March 31, 2004

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | (GAAP Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Taxes | \$ 134,619 | \$ 134,619 | \$ 136,186 | \$ 1,567 |
| Licenses and Permits | - | - | - | - |
| Federal Sources | - | - | - | - |
| State Sources | - | - | - | - |
| Contributions From Local Sources | - | - | - | - |
| Charges for Services | - | - | - | - |
| Fines and Forfeitures | - | - | - | - |
| Interest and Rents | - | - | - | - |
| Other Revenue | - | - | 3,196 | 3,196 |
| TOTAL REVENUES | 134,619 | 134,619 | 139,382 | 4,763 |
| EXPENDITURES: | | | | |
| Legislative | - | - | - | - |
| Judicial | - | - | - | - |
| Elections | - | - | - | - |
| General Government | - | - | - | - |
| Public Safety | - | - | - | - |
| Public Works | 94,000 | 94,000 | 92,887 | 1,113 |
| Health and Welfare | - | - | - | - |
| Community and Economic Development | - | - | - | - |
| Recreation and Culture | - | - | - | - |
| Other Functions | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service | - | - | - | - |
| TOTAL EXPENDITURES | 94,000 | 94,000 | 92,887 | 1,113 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 40,619 | 40,619 | 46,495 | 5,876 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfer In | - | - | - | - |
| Operating Transfer (Out) | (90,000) | (90,000) | (90,000) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (90,000) | (90,000) | (90,000) | - |
| NET CHANGE IN FUND BALANCE | (49,381) | (49,381) | (43,505) | 5,876 |
| Fund Balance, Beginning of Year | 210,666 | 210,666 | 227,058 | 16,392 |
| FUND BALANCE, END OF YEAR | \$ 161,285 | \$ 161,285 | \$ 183,553 | \$ 22,268 |

Other Supplemental Information

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|----------------------------|----------------|----------------|---|
| REVENUES: | | | |
| Taxes: | | | |
| Current Levy | \$ 31,501 | \$ 33,500 | \$ 1,999 |
| Commercial Forest Reserve | 810 | 9,187 | 8,377 |
| Swamp Tax | - | 31 | 31 |
| Tax Collection Fees | 8,313 | 16,920 | 8,607 |
| Total Taxes | <u>40,624</u> | <u>59,638</u> | <u>19,014</u> |
| State Sources: | | | |
| State Revenue Sharing | 87,300 | 104,544 | 17,244 |
| Total State Sources | <u>87,300</u> | <u>104,544</u> | <u>17,244</u> |
| Charges for Services: | | | |
| Miscellaneous Services | 13,750 | 4,059 | (9,691) |
| Total Charges for Services | <u>13,750</u> | <u>4,059</u> | <u>(9,691)</u> |
| Interest: | | | |
| Investment Interest | 2,000 | 3,030 | 1,030 |
| Rental Income | 1,500 | 500 | (1,000) |
| Total Interest | <u>3,500</u> | <u>3,530</u> | <u>30</u> |
| Other Revenue: | | | |
| Other Revenue | 6,000 | 4,194 | (1,806) |
| Total Other Revenue | <u>6,000</u> | <u>4,194</u> | <u>(1,806)</u> |
| TOTAL REVENUES | <u>151,174</u> | <u>175,965</u> | <u>24,791</u> |
| EXPENDITURES: | | | |
| Legislative: | | | |
| Township Board | | | |
| Personal Services | 5,600 | 5,541 | 59 |
| Supplies | - | - | - |
| Other Services and Charges | - | - | - |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Township Board | <u>5,600</u> | <u>5,541</u> | <u>59</u> |
| Total Legislative | <u>5,600</u> | <u>5,541</u> | <u>59</u> |
| Elections: | | | |
| Elections | | | |
| Personal Services | 8,600 | - | 8,600 |
| Supplies | - | - | - |
| Other Services and Charges | - | - | - |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Elections | <u>8,600</u> | <u>-</u> | <u>8,600</u> |

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------------|----------------|---------------|---|
| General Government: | | | |
| Supervisor | | | |
| Personal Services | \$ 12,200 | \$ 8,312 | \$ 3,888 |
| Supplies | - | - | - |
| Other Services and Charges | 3,000 | 3,000 | - |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Supervisor | <u>15,200</u> | <u>11,312</u> | <u>3,888</u> |
| Clerk | | | |
| Personal Services | 9,500 | 9,420 | 80 |
| Supplies | 1,500 | 1,349 | 151 |
| Other Services and Charges | 4,550 | 1,475 | 3,075 |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Clerk | <u>15,550</u> | <u>12,244</u> | <u>3,306</u> |
| Board of Review: | | | |
| Personal Services | 1,350 | 705 | 645 |
| Supplies | - | - | - |
| Other Services and Charges | - | - | - |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Board of Review | <u>1,350</u> | <u>705</u> | <u>645</u> |
| Treasurer: | | | |
| Personal Services | 10,000 | 9,420 | 580 |
| Supplies | 3,000 | 2,091 | 909 |
| Other Services and Charges | 13,375 | 7,625 | 5,750 |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Treasurer | <u>26,375</u> | <u>19,136</u> | <u>7,239</u> |
| Assessor | | | |
| Personal Services | 14,500 | 14,400 | 100 |
| Supplies | 100 | 37 | 63 |
| Other Services and Charges | 7,000 | - | 7,000 |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Assessor | <u>21,600</u> | <u>14,437</u> | <u>7,163</u> |
| Building and Grounds: | | | |
| Personal Services | 10,000 | 5,264 | 4,736 |
| Supplies | - | - | - |
| Other Services and Charges | 162,450 | 11,720 | 150,730 |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Building and Grounds | <u>172,450</u> | <u>16,984</u> | <u>155,466</u> |

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|----------------|---------------|---|
| Cemetery: | | | |
| Personal Services | \$ - | \$ - | \$ - |
| Supplies | - | - | - |
| Other Services and Charges | 28,500 | 8,726 | 19,774 |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Cemetery | <u>28,500</u> | <u>8,726</u> | <u>19,774</u> |
| Total General Government | <u>281,025</u> | <u>83,544</u> | <u>197,481</u> |
| Public Works: | | | |
| Streets: | | | |
| Personal Services | - | - | - |
| Supplies | - | - | - |
| Other Services and Charges | - | - | - |
| Capital Outlay | 50,000 | 17,000 | 33,000 |
| Debt Service | - | - | - |
| Total Streets | <u>50,000</u> | <u>17,000</u> | <u>33,000</u> |
| Streetlight: | | | |
| Personal Services | - | - | - |
| Supplies | - | - | - |
| Other Services and Charges | 7,500 | 6,311 | 1,189 |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Streetlight | <u>7,500</u> | <u>6,311</u> | <u>1,189</u> |
| Total Public Works | <u>57,500</u> | <u>23,311</u> | <u>34,189</u> |
| Community and Economic Development | | | |
| Zoning: | | | |
| Personal Services | 1,500 | 1,410 | 90 |
| Supplies | - | - | - |
| Other Services and Charges | 9,225 | 8,019 | 1,206 |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Zoning | <u>10,725</u> | <u>9,429</u> | <u>1,296</u> |
| Community Action: | | | |
| Personal Services | - | - | - |
| Supplies | - | - | - |
| Other Services and Charges | 3,000 | 750 | 2,250 |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Community Action: | <u>3,000</u> | <u>750</u> | <u>2,250</u> |
| Total Community and Economic Development | <u>13,725</u> | <u>10,179</u> | <u>3,546</u> |

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|------------------|-------------------|---|
| Recreation and Culture: | | | |
| Recreation Department | | | |
| Personal Services | \$ - | \$ - | \$ - |
| Supplies | - | - | - |
| Other Services and Charges | 20,000 | 13,343 | 6,657 |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Recreation Department | <u>20,000</u> | <u>13,343</u> | <u>6,657</u> |
| Total Recreation and Culture | <u>20,000</u> | <u>13,343</u> | <u>6,657</u> |
| Other Functions: | | | |
| Fringe Benefits | 3,500 | 7,849 | (4,349) |
| Insurance and Bonds | 15,000 | 7,152 | 7,848 |
| Other Services and Charges | 10,050 | 19,347 | (9,297) |
| Total Other Functions | <u>28,550</u> | <u>34,348</u> | <u>(5,798)</u> |
| Total Other Functions | <u>28,550</u> | <u>34,348</u> | <u>(5,798)</u> |
| TOTAL EXPENDITURES | <u>415,000</u> | <u>170,266</u> | <u>244,734</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(263,826)</u> | <u>5,699</u> | <u>269,525</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Operating Transfer In | - | 90,000 | 90,000 |
| Operating Transfer (Out) | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>90,000</u> | <u>90,000</u> |
| NET CHANGE IN FUND BALANCE | <u>(263,826)</u> | <u>95,699</u> | <u>359,525</u> |
| Fund Balance, Beginning of Year | <u>345,602</u> | <u>308,214</u> | <u>(37,388)</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 81,776</u> | <u>\$ 403,913</u> | <u>\$ 322,137</u> |

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
FIRE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|------------------|------------------|---|
| REVENUES: | | | |
| Taxes: | | | |
| Current Levy | \$ 71,135 | \$ 71,093 | \$ (42) |
| Commercial Forest Reserve | 1,827 | 3,624 | 1,797 |
| Total Taxes | <u>72,962</u> | <u>74,717</u> | <u>1,755</u> |
| Charges for Services: | | | |
| Fire Services | - | 8,365 | 8,365 |
| Total Charges for Services | <u>-</u> | <u>8,365</u> | <u>8,365</u> |
| Interest: | | | |
| Investment Interest | 500 | 967 | 467 |
| Total Interest | <u>500</u> | <u>967</u> | <u>467</u> |
| Other Revenue: | | | |
| Gaming Revenue | - | 1,500 | 1,500 |
| Other Revenue | 500 | 926 | 426 |
| Total Other Revenue | <u>500</u> | <u>2,426</u> | <u>1,926</u> |
| TOTAL REVENUES | <u>73,962</u> | <u>86,475</u> | <u>12,513</u> |
| EXPENDITURES: | | | |
| Public Safety: | | | |
| Fire Department: | | | |
| Personal Services | 11,850 | 9,775 | 2,075 |
| Supplies | 74 | - | 74 |
| Other Services and Charges | 53,450 | 34,121 | 19,329 |
| Capital Outlay | 30,000 | 13,454 | 16,546 |
| Debt Service | 40,000 | 30,972 | 9,028 |
| Total Fire Department | <u>135,374</u> | <u>88,322</u> | <u>47,052</u> |
| Total Public Safety | <u>135,374</u> | <u>88,322</u> | <u>47,052</u> |
| TOTAL EXPENDITURES | <u>135,374</u> | <u>88,322</u> | <u>47,052</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(61,412)</u> | <u>(1,847)</u> | <u>59,565</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Operating Transfer In | - | - | - |
| Operating Transfer (Out) | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(61,412)</u> | <u>(1,847)</u> | <u>59,565</u> |
| Fund Balance, Beginning of Year | <u>75,750</u> | <u>79,470</u> | <u>3,720</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 14,338</u> | <u>\$ 77,623</u> | <u>\$ 63,285</u> |

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
RUBBISH COLLECTION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|-------------------|-------------------|---|
| REVENUES: | | | |
| Taxes: | | | |
| Current Levy | \$ 133,119 | \$ 129,443 | \$ (3,676) |
| Commercial Forest Reserve | 1,500 | 6,743 | 5,243 |
| Total Taxes | <u>134,619</u> | <u>136,186</u> | <u>1,567</u> |
| Interest: | | | |
| Investment Interest | - | 3,196 | 3,196 |
| Total Interest | <u>-</u> | <u>3,196</u> | <u>3,196</u> |
| TOTAL REVENUES | <u>134,619</u> | <u>139,382</u> | <u>4,763</u> |
| EXPENDITURES: | | | |
| Public Works: | | | |
| Sanitation: | | | |
| Personal Services | - | - | - |
| Supplies | - | - | - |
| Other Services and Charges | 94,000 | 92,887 | 1,113 |
| Capital Outlay | - | - | - |
| Debt Service | - | - | - |
| Total Sanitation | <u>94,000</u> | <u>92,887</u> | <u>1,113</u> |
| Total Public Works | <u>94,000</u> | <u>92,887</u> | <u>1,113</u> |
| TOTAL EXPENDITURES | <u>94,000</u> | <u>92,887</u> | <u>1,113</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>40,619</u> | <u>46,495</u> | <u>5,876</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Operating Transfer In | - | - | - |
| Operating Transfer (Out) | <u>(90,000)</u> | <u>(90,000)</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(90,000)</u> | <u>(90,000)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(49,381)</u> | <u>(43,505)</u> | <u>5,876</u> |
| Fund Balance, Beginning of Year | <u>210,666</u> | <u>227,058</u> | <u>16,392</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 161,285</u> | <u>\$ 183,553</u> | <u>\$ 22,268</u> |

TOWNSHIP OF AUTRAIN, MICHIGAN

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET ASSETS

March 31, 2004

| | <u>GENERAL AGENCY FUND</u> | <u>TAX COLLECTION FUND</u> | <u>TOTAL</u> |
|---------------------------------|------------------------------------|------------------------------------|-------------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | <u>\$ 366</u> | <u>\$ 21,405</u> | <u>\$ 21,771</u> |
| TOTAL ASSETS | <u><u>\$ 366</u></u> | <u><u>\$ 21,405</u></u> | <u><u>\$ 21,771</u></u> |
| LIABILITIES: | | | |
| Due to Other Funds | <u>\$ -</u> | <u>\$ 806</u> | <u>\$ 806</u> |
| Due to Other Governmental Units | <u>366</u> | <u>20,599</u> | <u>20,965</u> |
| TOTAL LIABILITIES | <u><u>\$ 366</u></u> | <u><u>\$ 21,405</u></u> | <u><u>\$ 21,771</u></u> |

Compliance Supplements



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Supervisor and Township Board of Trustees
Township of AuTrain, Michigan
P.O. Box 33
Autrain, Michigan 49806

We have audited the governmental activities, major funds, and remaining fund information, which collectively comprise the basic financial statements of the Township of AuTrain, Michigan as of and for the year ended March 31, 2004, and have issued our report thereon dated July 5, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*. These instances are described in a separate letter to management dated May 28, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township of AuTrain's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk of material misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and Township Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, P.L.C.
Certified Public Accountants

May 28, 2004



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

*Township of Autrain, Michigan
Report to Management Letter
For the Year Ended March 31, 2004*

To the Honorable Supervisor and Members of
The Township Board
Township of Autrain, Michigan
Autrain, MI 49806

In planning and performing our audit of the financial statements of the Township of Autrain for the year ended March 31, 2004, we considered its internal accounting control structure for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to deficiencies in the design or operation of the internal control structure that, in our judgement, could affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Instances of Non-Compliance

Uniform Budgeting and Accounting Act (P.A. 621)

The State of Michigan has enacted Public Act 621, the Uniform Budgeting and Accounting Act, to provide for a system of uniform procedures for the preparation and execution of budgets in local units of government. The purpose of P.A. 621 is to require that all local units of government adopt balanced budgets, to establish responsibilities and define the procedure for the preparation, adoption and maintenance of the budget, and to require certain information for the budget process, including data for capital construction projects. The major provisions of P.A. 621 are as follows:

1. Local Units of government must adopt a budget.
2. The budget, including accrued deficits and available unappropriated surpluses, must be balanced.
3. The budget must be amended when necessary.
4. Debt shall not be entered into unless the debt is permitted by law.
5. Expenditures shall not be incurred in excess of the amount appropriated.
6. Expenditures shall not be made unless authorized in the budget.
7. Violations of the act, disclosed in an audit of the financial records, in the absence of reasonable procedures, shall be filed with the State Treasurer and reported to the Attorney General.

To the Honorable Supervisor and Members of
The Township Board
Township of Autrain, Michigan

The Township was found to be in violation of the legal and contractual provisions of the Uniform Budgeting and Accounting Act (Public Act 621) in certain individual funds as enumerated upon in the Footnotes of the financial statements.

* * * * *

The above reportable conditions in the internal control and instances of non-compliance are noted for your consideration. The following comments are not reportable conditions as defined by the AICPA but are management points for which we feel consideration should also be given.

This report is intended solely for the information and use of the Township's management, and others within the Township Administration.

We appreciate and would like to thank the Township's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

May 28, 2004



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

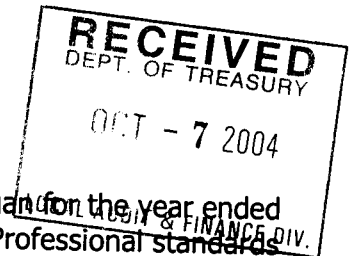
DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

May 28, 2004

To the Honorable Supervisor and Township Board
Township of Autrain, Michigan
P.O. Box 33
Autrain, Michigan 49806



We have audited the financial statements of the Township of Autrain, Michigan for the year ended March 31, 2004, and have issued our report thereon dated May 28, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the organization. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of the accounting policies and their application. The significant accounting policies used by the organization are described in Footnotes to the financial statements. The Township of Autrain, Michigan adopted the provisions of GASB #34 for the reporting year. We noted no transactions entered into by the organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

To the Honorable Supervisor and Township Board
Township of Autrain, Michigan

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgement, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the organization's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the organization, either individually or in the aggregate, indicate matters that could have a significant effect on the organizational financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the governmental unit's financial statements or a determination of the type of auditors' opinion to be expressed on those statements, our professional standards require the consulting accountant to advise us so as to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the organizations auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in the performance of our audit.

Conclusion

This information is intended solely for the use of the Township Board and management of the Township and should not be used for any other purpose.

Anderson, Tackman & Company, PLLC
Certified Public Accountants